

THE EVIDENCE NETWORK INC. (TEN) THE IMPORTANCE OF RANKING BUSINESS ACCELERATORS

If you're leading an accelerator wanting to learn how to benchmark your performance and understand your impact on startups and entrepreneurs, this is an important read for you.

If you're involved in an accelerator, you know that being accepted into one of these prestigious programs means access to mentoring and advice from entrepreneurs with experience that is deep, relevant, and cutting edge. Startups that are accepted also benefit from sharing ideas, tips, and contacts with peer and alumni entrepreneurs, and from seed financing of up to \$120K. All of this engagement, learning, and development is packaged into an intensive three-month period that leads up to demo day, where a cohort of entrepreneurs pitch to a roomful of investors in the hopes of landing equity financing.

Why Rank Accelerators?

There are two important reasons to rank startup accelerators. The first reason is because the ranking process is informative – it helps government institutions and private sector investors choose which accelerators to support. The second is because the factors used to determine the ranking may contain useful information that helps accelerators learn how to improve their offerings. If your objective is the latter – accelerator development – you need a ranking that not only ranks, but empowers learning and development.



Ranking for Accelerator Development

If accelerator development is your objective, you need to be sure you are ranking the accelerator itself and not the region in which it is located or the ventures that come out of it. **Y-Combinator**, the world's first accelerator, was founded in Cambridge, Massachusetts in 2005, and subsequently relocated to Silicon Valley to take advantage of the fertile environment for entrepreneurs offered by the San Francisco Bay area. **Seedcamp** was founded in London, and the **Joyful Frog Digital Incubator** in Singapore.

The endowments of a region can have a real impact on the performance of ventures. Since all accelerators do not benefit from such munificent entrepreneurial ecosystems, they cannot be expected to provide the same opportunities for networking with experienced entrepreneurs or access to equity financing. If the performance of ventures is the basis for the ranking, accelerators and incubators in modestly endowed regions will never be ranked well.

One of the best predictors of the potential of ventures that graduate from an accelerator is the potential of the entrepreneurial teams that are accepted into it. Acceptance rates at leading incubators such as Y-Combinator are extremely low – only about 1% of applicants are accepted. It is truly impressive that the total value of Y-Combinator graduates is over \$80 billion, but this is a consequence of the talent of the incoming teams, the Silicon Valley location, as well as the features of the Y-Combinator program – not the least of which is a finely-tuned system for selecting the teams with the highest potential.

How to Compare Accelerator Ranking Methods

This brings us to a comparison of two startup accelerator rankings: the **Seed Accelerator Ranking (SAR)** and **The Evidence Network (TEN) ranking**. The SAR is designed to help entrepreneurs select amongst accelerators. This is important because entrepreneurs typically give up about 6% equity in exchange for accelerator funding and services. The SAR ranks 30 US-based accelerators on five metrics (valuation, qualified exit (IPO or profitable acquisition), qualified fund raising (>\$200K), survival, and satisfaction) and distinguishes between accelerators on the basis of the success of their graduates. The chief limitation of the SAR approach is that the success of accelerator graduates may or may not be attributable to the accelerator.



TEN's ranking considers both incubators and accelerators and is designed to help programs improve the quality of their offerings. TEN ranks 50 venture support programs from North America, Europe, and Asia. Importantly, TEN ranks incubators and accelerators on the basis of their impact on venture success, not on the success of the ventures. This distinction is crucial because venture success may occur with or without the support of the accelerator, particularly when entrepreneurs are talented and entrepreneurial ecosystems are well-endowed. TEN's ranking considers four measures of impact on venture performance (impact on venture revenues, employees, financing, and valuation), four measures of impact on venture capabilities (impact on business expertise, business linkages, financial linkages, and opportunities for promotion), and satisfaction. This provides actionable feedback that allows accelerators to improve their services.

Comparing Accelerator Rankings

	Seed Accelerator Ranking (SAR)	TEN Incubator and Accelerator Ranking
OBJECTIVE	Help entrepreneurs choose amongst accelerators	Help incubators and accelerators improve services
RANKS	Cohort based accelerators	Incubators and accelerators
GEOGRAPHIC REACH	US	North America, Europe, Asia
METRICS	Venture valuation, exit, financing, and survival Satisfaction with accelerator services	Accelerator impact on venture revenues, employees, financing, and valuation Accelerator impact on business expertise, business linkages, financial linkages, opportunities for promotion, etc. Satisfaction with accelerator services



For a real world example of TEN's benchmarking of incubators and accelerators, read this report titled *Benchmarking Analysis of Incubators and Accelerators* conducted for the Finnish Prime Minister's Office in 2016.



SEED ACCELERATOR RANKING
See how it works >>

If you are an entrepreneur looking for a US-based accelerator that has a history of graduating highly successful entrepreneurs you will want to consult the [Seed Accelerator Ranking](#).



LEARN ABOUT OUR SERVICES

If you are leading an incubator or accelerator and are looking to benchmark your performance with a view to learning how you can improve it, you will want to learn more about [The Evidence Network's evaluation and benchmarking services](#).



LET'S TALK.
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To discuss your options further, please call Cameron Miller, TEN's Director of Client Services, at 613-421-8233 or [contact us through our website](#) to set up an introductory meeting.



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